



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Application of San Diego Gas & Electric Company (U 902 E) for Approval of: (1) Contract Administration, Least Cost Dispatch and Power Procurement Activities, and (2) Costs Related to those Activities Recorded to the Energy Resources Recovery Account (ERRA), Incurred During the Record Period January 1, 2005 through December 31, 2005

Application 06-06-005

PROTEST OF THE DIVISION OF RATEPAYER ADVOCATES

Pursuant to Rule 44.1 of the Commissions' Rules of Practice and Procedure, the Division of Ratepayer Advocates ("DRA") hereby files its protest on San Diego Gas & Electric Company's (SDG&E) Energy Resource Recovery Account ("ERRA") Application (A.06-06-005).

On June 1, 2006, SDG&E submitted its application in support of its January 1, 2005 through December 31, 2005 entries to the ERRA. The application sets forth testimony and seeks Commission approval of the following: that its recorded fuel expense and energy costs were reasonable, and that its electric contracts administration, utility retained generation fuel procurement activities, dispatch of generation resources and related spot market transactions complied with its adopted procurement plan and requirements approved by the Commission, and that other operations subject to Commission Review were reasonable. Also presented in the Application are the recorded transactions in the ERRA balancing account, excluding the ABX1 43 subaccounts of \$38.9 million overcollection.

The ERRA account generally records authorized revenue requirement and actual ERRA power costs. The ERRA power costs include URG fuels, QF contracts, inter-utility contracts, CAISO charges, power contracts, bilateral contracts, forward hedges, pre-payments and collateral requirements related to procurement costs, ancillary services and other power procurement related costs. ERRA excludes cost of DWR power contracts. Revenues from surplus power sales, reliability must-run (“RMR”), and the authorized ERRA revenue requirement are recorded in ERRA to offset SDG&E’s power costs.

Based on DRA’s preliminary review it appears that a more in-depth review of SCE’s filing in the following areas may be necessary:

1. Reasonableness of SDG&E’s URG operations and fuel expenses.
2. Contract administration (including DWR contracts allocated to SDG&E’s, Qualifying Facility (“QFs”), bilateral, Inter-utility purchased power, and renewable resource contracts).
3. Least cost dispatch compliance.
4. Review and auditing of the relevant balancing accounts included in the ERRA proceeding.
5. Costs recorded to the Electric Energy Transaction Administration Memorandum Account (EETAMA).

DRA would like an opportunity to further review, evaluate and conduct discovery regarding SDG&E’s proposals in the above areas. Upon review, DRA may identify specific issues related to SDG&E’s ERRA application and anticipates issuing a report on its finding according to the proposed schedule.

DRA recommends the following schedule in this proceeding:

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|----------------------------|---------------------|
| 1. Prehearing Conference | August 3, 2006 |
| 2. Intervenor Testimony | September 22, 2006 |
| 3. Rebuttal Testimony | October 13, 2006 |
| 4. Hearings (if necessary) | October 23-24, 2006 |
| 5. Opening briefs | November 6, 2006 |
| 6. Reply briefs | November 13, 2006 |
| 7. Proposed decision | December 11, 2006 |
| 8. Comments on PD | December 22, 2006 |
| 9. Reply Comments | January 5, 2006 |
| 10. Commission approval | January 2007 |

DRA recommends the schedule above based on witness availabilities, and will also be prepared to discuss a specific alternative hearing schedule at the Prehearing Conference.

DRA appreciates the opportunity to perform the review, discovery and analyses necessary to fairly evaluate this application.

Respectfully submitted,

/s/ LISA-MARIE SALVACION

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July 7, 2006

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of “**PROTEST OF DIVISION OF RATEPAYER ADVOCATES**” in **A.06-06-005** by using the following service:

☒ **E-Mail Service:** sending the entire document as an attachment to all known parties of record who provided electronic mail addresses.

☐ **U.S. Mail Service:** mailing by first-class mail with postage prepaid to all known parties of record who did not provide electronic mail addresses.

Executed in San Francisco, California, on the 7th day of July, 2006.

/s/ PERRINE D. SALARIOS

PERRINE D. SALARIOS

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address and/or e-mail address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

Service list for A.06-06-005

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